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IN THE

Supreme Court of the United States

SAMSUNG ELECTRONICS CO., LTD., SAMSUNG ELECTRONICS AMERICA, INC., AND SAMSUNG TELECOMMUNICATIONS AMERICA, LLC,

Petitioners,

v.

APPLE INC.,

Respondent.

ON PETITION FOR WRIT OF CERTIORARI TO THE UNITED STATES COURT OF APPEALS FOR THE FEDERAL CIRCUIT

BRIEF OF PUBLIC KNOWLEDGE AND THE ELECTRONIC FRONTIER FOUNDATION AS *AMICI CURIAE* IN SUPPORT OF PETITIONERS

CHARLES DUAN
Counsel of Record
PUBLIC KNOWLEDGE
1818 N Street NW, Suite 410
Washington, DC 20036
(202) 861-0020
cduan@publicknowledge.org

Counsel for amici curiae

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INTEREST OF *AMICI CURIAE*

Public Knowledge[1] is a non-profit organization that is dedicated to preserving the openness of the Internet and the public's access to knowledge, promoting creativity through balanced intellectual property rights, and upholding and protecting the rights of consumers to use innovative technology lawfully. Public Knowledge advocates on behalf of the public interest for a balanced patent system, particularly with respect to new and emerging technologies.

The Electronic Frontier Foundation ("EFF") is a non-profit civil liberties organization that has worked for over 25 years to protect consumer interests, innovation, and free expression in the digital world. EFF and its more than 26,000 dues-paying members have a strong interest in helping the courts ensure that intellectual property law serves the public interest.

Public Knowledge and the Electronic Frontier Foundation have previously served as *amici* in patent cases. *E.g.*, *Alice Corp. Pty. Ltd. v. CLS Bank Int'l*, 134 S. Ct. 2347 (2014); *Nautilus, Inc. v. Biosig Instruments, Inc.*, 134 S. Ct. 2120 (2014); *Octane Fitness, LLC v. Icon Health & Fitness, Inc.*, 134 S. Ct. 1749 (2014).

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[1] Pursuant to Supreme Court Rule 37.2(a), all parties recieved appropriate notice of the filing of this brief. Respondent consented to the filing of this brief; Petitioners provided blanket consent for filing. Pursuant to Rule 37.6, no counsel for a party authored this brief in whole or in part, and no counsel or party made a monetary contribution intended to fund the preparation or submission of the brief. No person or entity, other than *amici*, their members, or their counsel, made a monetary contribution to the preparation or submission of this brief.

SUMMARY OF ARGUMENT

It is virtually a tautology of the common law that compensatory damages must bear relation to compensation; indeed any civil award in law or equity must measure to the harm caused or wrongdoing done. Yet in this case the Court of Appeals rigidly interpreted a statute of patent law to *require* courts to award damages in a manner that can easily and often be grossly excessive compared to the relevant injury. The Court of Appeals read 35 U.S.C. § 289 such that upon infringement of a design patent—regardless of how small the patented contribution may be or how little damage the infringement may have caused—the patentee "shall" be awarded the total profits on the infringing product.

This rule constructed by the Federal Circuit is extraordinarily concerning and warrants this Court's review. Design patents can be drawn to even the most insignificant and basic components of large, complex products, and the actual value of such patents is minimal at best. But even a patent relevant to 1% of a product, under the Federal Circuit's announced rule, receives 100% of the profits on that product. The potential disparity between patent value and total profits would likely discourage many innovators from entering markets, cutting directly against the very purpose of patents as promoters of innovation.

Indeed, it would be entirely unsurprising if the Federal Circuit's damages rule spawned a new generation of abusive patent litigation. Several historical examples of different patent doctrines, such as business method patentability and false marking, exhibit a common pattern: the Federal Circuit establishes a new rule of patent law, and clever parties quickly construct an industry

around taking advantage of that new rule to profit off litigation. To allow a similar new industry to run rampant among design patents would be greatly devastating to the innovation economy and the public good.

This Court should further grant certiorari to avoid constitutional infirmities with § 289 arising out of the Federal Circuit's interpretation. In a series of cases, this Court has held that due process prohibits damages awards that are grossly excessive and disproportionate. Section 289, by the Federal Circuit's reading, identifies no outer bound to the discrepancy between the award of "total profits" and the actual value of a design patent infringement. Leaving that interpretation intact, future cases could easily present courts with damages awards under § 289 that are so awry as to entangle courts in litigation over due process.

Section 289 does not compel the particular interpretation chosen by the Federal Circuit, and there are alternative constructions that, besides being better as a matter of public policy, avoid raising this constitutional issue. This Court should grant certiorari and vacate the holding of the Court of Appeals.

ARGUMENT

I. THE FEDERAL CIRCUIT'S READING OF SECTION 289 IS A SERIOUS DETRIMENT TO THE PATENT SYSTEM

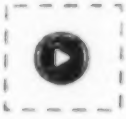
The Court of Appeals interpreted 35 U.S.C. § 289 to require awarding to a design patent owner the "total profits" on a product found to infringe, regardless of the significance of the patent relative to the product. This rule is greatly detrimental to the patent system and innovation in general, due to the potentially enormous disparity between damages award and patent value that the rule invites. Furthermore, the Court of Appeals opens the door to a new species of abusive patent lawsuit, namely those over design patents, that will potentially plague future innovators for years to come. Certiorari should be granted to avoid these consequences.

A. AWARDING TOTAL PROFITS ON ANY DESIGN PATENT INFRINGEMENT GROSSLY UNBALANCES PATENT RIGHTS

The Federal Circuit's rigid construction of § 289 will mainly serve to enrich design patent owners at the expense of the public's access to new technologies, and will provide an incentive for patent holders to restrict access to covered technology, and for abusive litigation practices. That would contravene "the primary purpose of our patent laws," which "is not the creation of private fortunes for the owners of patents but is 'to promote the progress of science and the useful arts.'" *Quanta Computer, Inc. v. LG Elecs., Inc.*, 553 U.S. 617, 626 (2008) (quoting *Motion Picture Patents Co. v. Universal Film Mfg. Co.*, 243 U.S. 502, 511 (1917)).

Many design patents are directed not to entire products or devices, but rather to only small components or parts. For example, one patent at issue in current litigation concerns a basic slider component common to numerous computer user interfaces:

U.S. Patent No. D554,140 fig.2 (issued Oct. 20, 2007); *see* Complaint at ¶¶ 107–113, *Microsoft Corp. v. Corel Corp.*, No. 3:15-cv-5836 (N.D. Cal. Dec. 18, 2015). Another small-feature design patent is nothing more than a triangle inside a circle, intended as a play button icon:



U.S. Patent No. D706,791 fig.1 (issued June 11, 2014); *see also* U.S. Patent No. D741,316 (issued Oct. 20, 2015) (patent on a cutout on the lip of a laptop for purposes of opening the laptop, essentially a book thumb index applied to a computer).

By contrast, the products that potentially infringe design patents are often complex ones incorporating numerous technologies and designs. "Modern devices may potentially infringe many thousands of patents, held by numerous different owners." William F. Lee & A. Douglas Melamed, *Breaking the Vicious Cycle of Patent Damages*, 101 Cornell L. Rev. (forthcoming 2016) (manuscript at 20), http://ssrn.com/abstract=2577462. Thus, the profits on a complex product may derive from myriad technological and design innovations, any combination of which might drive consumers' purchasing decisions.

As a result, awarding "total profits" on an entire product for a patent on only a small component overcompensates the design patent owner to an absurd degree. This rule can grant one who owns a design patent on a minor, inconsequential element profits attributable to a large number of far more significant elements, including those covered by other utility and design patents. *See* Mark A. Lemley, *A Rational System of Design Patent Remedies*, 17 Stan. Tech. L. Rev. 219, 232–33 (2013).

Thus, the rule undervalues all those other contributions to the product. And it potentially ignores the interests of other patent owners whose innovations contributed to the profitability of the same product (and who seemingly would also be entitled to total profits). Commentators William F. Lee and Douglas Melamed criticize the phenomenon in which, "[w]hen thousands of patents cover the same device, judges and juries consistently and systematically overemphasize the value of the single patent (or patents) at issue as compared to all the others," Lee & Melamed, *supra*, at 35. Section 289 under the Federal Circuit's reading is the extremity of that problem.

The degree of overcompensation is most stark where the product manufacturer has "innocently" infringed, that is, where the defendant arrived at a similar design through its own inventive efforts. Total-profit damages under § 289 require no showing of the infringer's knowledge of infringement, of the patent itself, or of other products incorporating the design. *See, e.g., Catalina Lighting, Inc. v. Lamps Plus, Inc.*, 295 F.3d 1277, 1290 (Fed. Cir. 2002) ("The present version of § 289 . . . has no such 'knowing' requirement."). Thus, a company could develop a new product that coincidentally uses a minor patented design and then be blindsided with loss of all profits on

that product. Such a possibility would severely deter new firms from developing innovative products and bringing them to market.

The threat of such large awards will certainly exact a severe tax on technology development and dissemination and harm consumers. As Justice Kennedy noted, unduly strong patent remedies "can be employed as a bargaining tool to charge exorbitant fees," particularly "[w]hen the patented invention is but a small component of the product the companies seek to produce." *eBay Inc. v. MercExchange, LLC*, 547 U.S. 388, 396 (2006) (Kennedy, J., concurring). The threat of such awards alone will discourage many smaller inventors from developing and distributing products that compete with those of the design patent owner (or its licensees) for fear of being found liable for infringement by a jury. Even larger entities may shrink from such development when they stand to lose the profits from an entire line of business.

In sum, the Federal Circuit's interpretation of § 289 will potentially vastly overvalue patents and disincentivize innovation. These are concerning consequences in view of the patent system's intent to "promote the progress of science and useful arts," warranting this Court's careful review.

B. The Resulting Undue Power Given to Patent Owners Will Likely Lead to a Wave of Abusive Patent Litigation

The harms of a rigid "total profits" rule under § 289 will likely be no mere edge case: the chance to obtain disproportionately large damage awards will invite a mass of opportunistic litigation.

The Federal Circuit's interpretation of § 289 provides

an incentive for design patent owners to exploit the legal system to stifle competition, and enrich their "private fortunes" at the expense of the public. Likely this would result in development of "an industry . . . in which firms use patents . . . primarily for obtaining licensing fees." *Id.* (Kennedy, J., concurring), *quoted in Commil USA, LLC v. Cisco Sys., Inc.*, 135 S. Ct. 1920, 1930 (2015). Clever patent asserters would seek out the broadest, most simplistic design patents as tools to extract demands out of unsuspecting companies. "Indeed, some patentees are now using patent continuations to extend their patent rights to cover third party designs that were not infringing at the time they were made," a practice that one commentator decries as "standard and well-accepted patent gamesmanship." *See* Perry J. Saidman, *The Crisis in the Law of Designs*, 89 J. Pat. & Trademark Off. Soc'y 301, 319 (2007).

And design patent owners could further maximize their profits by opting not to license to or sue component manufacturers, waiting instead to seek a greater damages award based on more complete, and more profitable, downstream products. *See* Lee & Melamed, *supra*, at 35 n.182. This practice makes the design patent even less relevant to the total damages award.

Indeed, there is reason to believe that large-scale assertion of design patents is already on its way. *See* Giuseppe Macri, *Patent Trolls Are Already Abusing the Apple v. Samsung Ruling*, Inside Sources (Oct. 1, 2015), http://www.insidesources.com/patent-trolls-are-already-abusing-the-apple-v-samsung-ruling/ (describing infringement notification letter sent based on a "pending design patent portfolio" and citing the Federal Circuit decision to seek a settlement).

Such concerns mirror the much decried problem of "patent trolling" already evident with utility patents. The low-quality patent concerns common with abusive utility patent litigation are even more so present with design patents: as one empirical study found, "design patent prosecution is a relatively quick, inexpensive, and assured process without substantive examination as compared with either utility patent prosecution or trade dress registration." Dennis D. Crouch, *A Trademark Justification for Design Patent Rights* 17 (Univ. of Mo. Sch. of Law, Research Paper No. 2010-17, Aug. 10, 2010), http://ssrn.com/abstract=1656590.

And utility patents are even less optimal for abusive litigation because utility patent damages are calibrated to the scope of the infringement. *See Garretson v. Clark*, 111 U.S. 120, 121 (1884); *VirnetX, Inc. v. Cisco Sys., Inc.*, 767 F.3d 1308, 1326 (Fed. Cir. 2014). The financial rewards of design patent assertion are potentially much larger and more certain under the Federal Circuit's "total profits" rule. So the Federal Circuit's rule will create an incentive for entities to construct entire business models out of threats of costly litigation.

In other situations, Federal Circuit decisions expanding the profitability of litigation have spurred a wave of lawsuits. For example, the Federal Circuit's ruling in *State Street Bank & Trust Co. v. Signature Financial Group, Inc.*, authorizing patents on business methods, *see* 149 F.3d 1368, 1373 (Fed. Cir. 1998), resulted in a flood of lawsuits by entities seeking to profit off of software patent litigation.[2] Likewise, the Federal Circuit ruled in

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[2] *See* James Bessen & Michael J. Meurer, *Patent Failure* 150, 213–14 (2008) ("Unfortunately, the Federal Circuit has set software precedents that essentially remove most restrictions on abstract claims in

Forest Group, Inc. v. Bon Tool Co. that 35 U.S.C. § 292 imposed a $500 fine for each article that the defendant falsely marked. 590 F.3d 1295, 1304 (Fed. Cir. 2009). The ruling "exponentially raised the potential recoveries in false marking actions," causing a "meteoric rise in false patent marking suits." Brian T. Yeh, Cong. Research Serv., *False Patent Marking: Litigation and Legislation* 2 (2010), *available at* https://www.fas.org/sgp/crs/misc/R41418.pdf. "As one observer has described, 'false marking plaintiffs [are] scouring store shelves for any mass-manufactured product with inaccurate patent markings, with hopes for a massive payday.'" *Id.* (citations omitted). These historical precedents suggest that increased design patent litigation is likely to come.

Far from "promot[ing] the progress of science and useful arts" then, the Federal Circuit's absolute "total profits" rule, in practice, will serve rather to promote abusive litigation and licensing practices, and provide yet another mechanism for suppressing competition. Certiorari is required to avoid allowing this rule that would, left unchecked, facilitate abusive patent litigation.

II. THIS COURT SHOULD GRANT CERTIORARI TO AVOID SERIOUS CONSTITUTIONAL DOUBTS IN THE INTERPRETATION OF SECTION 289

Besides being bad policy, the Federal Circuit's interpretation may raise constitutional doubts, specifically because an absolute "total profits" rule can result in exces-

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software. . . The result has been both a proliferation of software patents and lawsuits"); *see also* Josh Lerner, *The Litigation of Financial Innovations*, 53 J.L. & Econ. 807, 810 (2010) (*State Street* "appears to have led to a substantial increase in the filing and granting of business method patents, including financial patents").

sively high and disproportionate damages awards that could violate the Fifth Amendment. This Court should grant certiorari and correct the interpretation to avoid a potential constitutional quagmire.

A. Excessively High Damages Awards Can Violate the Fifth and Fourteenth Amendments

That the Due Process Clause of the Fifth and Fourteenth Amendments prohibits "excessive" and "wholly disproportionate" damages is a longstanding principle of this Court.[3]

A long arc of cases confirms that due process constrains damages awards to bear some relationship to the harm caused. In *Waters-Pierce Oil Co. v. Texas*, this Court remarked that civil penalties could be unconstitutional where "the fines imposed are so grossly excessive as to amount to a deprivation of property without due process of law." 212 U.S. 86, 111 (1909). Similarly, *St. Louis, Iron Mountain & Southern Railway Co. v. Williams* suggested that a statutory penalty could "transcend the limitation" of the Fourteenth Amendment "where the penalty prescribed is so severe and oppressive as to be wholly disproportioned to the offense and obviously unreasonable." 251 U.S. 63, 66–67 (1919) (citing *Waters-Pierce Oil*, 212 U.S. at 111).

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[3] Although patent law, as federal law, is governed by the Due Process Clause of the Fifth Amendment rather than that of the Fourteenth Amendment, the standards appear not to differ. *See, e.g.*, *Reno v. Flores*, 507 U.S. 292, 301 (1993) (noting case law that "interprets the Fifth and Fourteenth Amendments' guarantee of 'due process of law' "); *Deshaney v. Winnebago County Dep't of Soc. Servs.*, 489 U.S. 189, 196 (1989) ("Like its counterpart in the Fifth Amendment, the Due Process Clause of the Fourteenth Amendment . . . .").

Though *Waters-Pierce Oil* and *St. Louis* ultimately found no due process violation on their respective facts, this Court did find such a violation in *Southwestern Telephone & Telegraph Co. v. Danaher*. There, a state had levied a relatively large civil penalty against a telephone company that had disconnected one of its users for insufficient payment. *See* 238 U.S. 482, 485–86 (1915). Particularly given its finding of "no intentional wrongdoing," this Court held that the penalty "was so plainly arbitrary and oppressive as to be nothing short of a taking of its property without due process of law." *See id.* at 491. *Danaher* thus stands for the proposition that a "plainly arbitrary and oppressive" recovery rule can violate due process.[4] *See generally* Sheila B. Scheuerman, *Due Process Forgotten: The Problem of Statutory Damages and Class Actions*, 74 Mo. L. Rev. 103 (2009).

Most recently, this Court has applied its expectation of proportionality between damages and injury in the context of punitive damages. In *TXO Production Corp. v. Alliance Resources Corp.*, 509 U.S. 443 (1993), a plurality of this Court relied on *Waters-Pierce Oil*, *St. Louis*, and *Danaher* to determine that "the Due Process Clause of the Fourteenth Amendment imposes substantive limits 'beyond which penalties may not go.'" *TXO*, 509 U.S. at 453–54 (quoting *Seaboard Air Line Ry. v. Seegers*, 207 U.S. 73, 78 (1907)).

That principle was followed in *BMW of North America v. Gore*, which held that the Fourteenth Amendment

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[4]It is noted that this Court specifically did *not* declare unconstitutional the overall statute disallowing discriminatory disconnection, but rather only found the statutory penalty to be insufficiently grounded. *See id.* at 490.

"prohibits a State from imposing a 'grossly excessive' punishment on a tortfeasor." 517 U.S. 559, 562 (1996) (citations omitted). Such a "grossly excessive" award, said this Court, can "enter the zone of arbitrariness that violates the Due Process Clause." *Id.* at 568; *see also Cooper Indus., Inc. v. Leatherman Tool Group, Inc.*, 532 U.S. 424, 434 (2001) ("The Due Process Clause of its own force also prohibits the States from imposing 'grossly excessive' punishments on tortfeasors." (citations omitted)).

Proportionality between the severity of the offense, the plaintiff's harm, and the amount of damages awarded therefore is a key indicator of the constitutionality of a damages award. *Gore* held that "punitive damages may not be 'grossly out of proportion to the severity of the offense.'" 517 U.S. at 576 (quoting *TXO*, 509 U.S. at 453, 462). Similarly, *Cooper Industries* found constitutional violations where "the punishments were 'grossly disproportional to the gravity of defendants' offenses.'" 532 U.S. at 435 (quoting *United States v. Bajakajian*, 524 U.S. 321, 334 (1998)) (alterations omitted); *see also State Farm Mut. Auto. Ins. Co. v. Campbell*, 538 U.S. 408, 1152 (2003) ("Overall, the ratio of punitive to compensatory damages needs to be reasonable considering the totality of the circumstances.").

Indeed, a rule allowing excessive damages can even fail *procedural* due process. In *Philip Morris USA v. Williams*, this Court considered a punitive damages award that was apparently premised largely on injury to third parties similarly situated to the plaintiff but not parties to the action. *See* 549 U.S. 346, 350–51 (2007). Noting initially that "the Constitution imposes certain limits, in respect both to procedures for awarding punitive damages and to amounts forbidden as 'grossly excessive,'"

id. at 353, this Court held that the Fourteenth Amendment "forbids a State to use a punitive damages award to punish a defendant for injury that it inflicts upon nonparties," *id.* Thus, where a damages award goes beyond compensation for the harm to the party itself, *Philip Morris* identifies a potential problem of procedural due process.

Accordingly, damages that are excessive and disproportionate in relation to a defendant's wrongdoing or to the amount of harm caused to the plaintiff can violate constitutional due process guarantees enshrined in the Fifth and Fourteenth Amendments.

B. A Total Profits Award, Irrespective of Actual Harm, Potentially Violates These Due Process Principles

In adopting a construction of § 289 that awards the plaintiff all of the defendants' profits on a product when that product contains only a small infringing element, the Federal Circuit has opened the door to damages awards that may be unconstitutionally high.

1. Where the infringing element comprises a minor contribution to an overall product and has a null or negligible effect on the product's profits, such awards may be "grossly out of proportion to the severity of [the defendant's] offense," *Gore*, 517 U.S. at 575, and disproportionate to the harm caused by the defendant's wrongdoing, *see id.* at 580–81. Indeed, much like *Philip Morris*'s concern with damage awards going beyond the "harm potentially caused *the plaintiff*," 549 U.S. at 354 (emphasis in original), a sufficiently large gap between patented feature and total product value can cause a total profit award to go far beyond harm to the patentee, beyond even valid

deterrent and punitive concerns, into the domain of constitutional excessiveness.

It is not dispositive that the *Gore* line of cases dealt specifically with punitive damages, while § 289 is a statutory damage provision. Commentators have observed that this Court "has applied due process excessiveness reviews to a wide variety of sanctions—not just to punitive damages, but also to civil fines, forfeitures, criminal penalties, and other deprivations of liberty or property." Pamela Samuelson & Tara Wheatland, *Statutory Damages in Copyright Law: A Remedy in Need of Reform*, 51 Wm. & Mary L. Rev. 439, 492 (2009).

The larger principle, which reconciles those cases and the *Waters-Pierce Oil* and *Danaher* lines, is that a legal or equitable award must show at least some reasonable relationship to the injury being remedied, for that award to pass muster under the Due Process Clause. There is potentially no such reasonable relationship where the actual injury relating to a small patented design feature is minimal and yet profits on a complete product are enormous.

And furthermore, to a certain degree, the total profits rule actually acts punitively. Compensatory damages "are intended to redress the concrete loss that the plaintiff has suffered by reason of the defendant's wrongful conduct." *Campbell*, 538 U.S. at 416 (citing *Cooper Indus.*, 532 U.S. at 432 (citing Restatement (Second) of Torts § 903, at 453–54 (1977))). Damages consisting of a defendant's "total profits" awarded under § 289 can far exceed the amount necessary for compensation of the injured plaintiff.

Scholars have observed that juries in determining statutory damages amounts are often motivated by moral

concerns more attributable to punitive aims than to compensatory ones. *See* Jed S. Rakoff, *Brace Lecture: Copyright Damages: A View from the Bench*, 62 J. Copyright Soc'y 377, 380 (2015) (contending that juries awarding copyright statutory damages "focus[] exclusively, and excessively, on the punitive functions"); Samuelson & Wheatland, *supra*, at 445 ("The application of [copyright] statutory damages . . . has resulted in many awards that are punitive in effect and often in intent."); *see also* Dan Levine, *Jury Didn't Want to Let Samsung Off Easy in Apple Trial*, Reuters (Aug. 25, 2012), http://www.reuters.com/article/apple-samsung-juror-idUSL2E8JP2A820120825 (quoting jury foreman).

Indeed, there is a sense in which the Federal Circuit's reading of § 289 is *worse* from a due process perspective than the punitive damages situations of *Gore* and its progeny. With punitive damages, a judge or jury has discretion to make a reasonable award. But under § 289, an infringer "shall be liable" for total profits—even if a judge or jury believes a lesser amount is warranted.

Furthermore, punitive damages require a showing of culpability, in stark contrast to the Federal Circuit's interpretation of § 289. So a defendant may be liable for a disproportionately large award even where that defendant lacks the "degree of reprehensibility" contemplated in *Gore*. *See* 517 U.S. at 575–78. For example, the defendant may have independently invented the patented design, or the defendant may reasonably believe that an element is functional and therefore not covered by a valid design patent.

2. Rejection of the Federal Circuit's interpretation of § 289 furthermore comports with the underlying rationales of the precedents of this Court.

Concerns of fairness spurred this Court to hold that due process disfavors grossly excessive damage awards. *Gore* referred to "[e]lementary notions of fairness" and to "fair notice . . . of the severity of the penalty" in arriving at its rule against grossly excessive punitive damages. *Id.* at 574–75.

The potentially excessive nature of the Federal Circuit's interpretation of § 289 may similarly raise fundamentally important concerns of fairness to the defendant. It is unfair because the entire profits of a complex device of many components, built by the hard work of numerous designers, developers, and engineers, are handed to a single design patent holder, ignoring the substantial contributions of the defendant and many other creators. Thus, where the disparity between the value of the design patent (and therefore, the harm to the plaintiff) and the amount of the "total profits" is high, these awards will serve not to compensate the plaintiff for its losses, but rather will represent a windfall to the patent holder and an unexpected total loss to the product manufacturer.

The Federal Circuit's reading of § 289 thus creates a potential and concerning conflict with the constitutional command of due process. Certiorari should be granted to correct this substantial error.

C. Alternative Interpretations of Section 289 Would Avoid These Constitutional Doubts

When one construction of a statute raises serious doubts about that statute's constitutionality, this Court will strive to adopt an alternative construction that does not do so. As this Court recently reiterated, "it is well established that if a statute has two possible meanings, one

of which violates the Constitution, courts should adopt the meaning that does not do so." *Nat'l Fed'n of Indep. Buss. v. Sebelius* ("*NFIB*"), 567 U.S. 1, 63 (2012). Indeed, "even if a serious doubt of constitutionality [of an act of Congress] is raised, it is a cardinal principle that this Court will first ascertain whether a construction of the statute is fairly possible by which the question may be avoided." *Crowell v. Benson*, 285 U.S. 22, 30 (1932). Where an alternative construction is available, courts "are obligated to construe the statute to avoid such [constitutional] problems." *Immigration & Naturalization Serv. v. St. Cyr*, 533 U.S. 289, 300 (2001) (citing *Ashwander v. Tenn. Valley Auth.*, 297 U.S. 288, 341, 345–48 (1936) (Brandeis, J., concurring)). "[E]very reasonable construction must be resorted to, in order to save a statute from unconstitutionality." *NFIB*, 567 U.S. at 65 (quoting *Hooper v. California*, 155 U.S. 648, 657 (1895)).

In this case, the relevant statute provides that one who has infringed a design patent "for the purpose of sale" or who "sells or exposes for sale" an infringing article, "shall be liable to the owner to the extent of his total profit." 35 U.S.C. § 289. Despite the Federal Circuit's assertion that the statutory language is "clear", § 289's reference to the defendant's "total profit" appears ambiguous. As Professor Lemley observed, Section 289 itself imposes "no requirement . . . that the profit be the profit from the sale of the infringing product at all." Brief *Amici Curiae* of 27 Law Professors in Support of Appellant Samsung at 12, *Apple Inc. v. Samsung Elecs. Co.*, 786 F.3d 983 (Fed. Cir. May 29, 2014) (Nos. 14-1335, -1368) [hereinafter Law Professors' Brief]. In addition, when interpreting a statute's text, this Court prefers to read the terms in the context of the statute as a whole. *See*

King v. Burwell, 135 S. Ct. 2480, 2489 (2015) ("[W]hen deciding whether the language is plain, we must read the works in their context and with a view to their place in the overall statutory scheme." (quoting *FDA v. Brown & Williamson Tobacco Corp.*, 529 U.S. 120, 133 (2000))).

Here, § 289's second paragraph again refers to the defendant's profits, providing "the owner of an infringed patent . . . shall not twice recover the profit made from the infringement." This section appears to indicate that the profits at issue are those caused by the infringement, not the defendant's profits as a whole. Read in context with the second paragraph of § 289, the meaning of "total profit" is therefore subject to further multiple interpretations. *See* Law Professors' Brief, *supra*, at 12. Indeed, Samsung's petition and the law professors' brief both provide "fairly plausible" alternative constructions of the statute. *See id.* at 12–13; Pet. Cert. 27.

In view of the constitutional problems raised by the Federal Circuit's construction of § 289, this Court should grant certiorari to review this construction pursuant to its preference for avoiding constitutionally problematic constructions and to avert future questions regarding the statute's constitutionality.

CONCLUSION

For the foregoing reasons, the writ of certiorari should be granted.

Respectfully submitted,

CHARLES DUAN
Counsel of Record
PUBLIC KNOWLEDGE
1818 N Street NW, Suite 410
Washington, DC 20036
(202) 861-0020
cduan@publicknowledge.org

Counsel for amici curiae

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